

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/20):**

BUTTER: Grade AA closed at \$1.1400. The weekly average for Grade AA is \$1.1433 (+.0041).

CHEESE: Barrels closed at \$1.0000 and blocks at \$1.0200. The weekly average for barrels is \$1.0000 (+.0025) and blocks, \$1.0395 (-.0110).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: Butter prices and the market tone remain generally steady. Demand for butter continues to outpace current production, thus inventories are being used to supplement shortages. Although butter stocks are declining, inventory levels are running heavier than a year ago. Churning schedules are seasonally active. Overall butter demand is reported to be seasonally good. Scattered retail feature activity is occurring and plans for feature activity during the upcoming holiday period are also occurring. Food service orders are also seasonally active.

CHEESE: The cheese market is unsettled. The spread between current cash prices at the CME and support prices continues to exceed the probable associated cost of sales to CCC. Reports indicate some producers are placing new production in CCC approved packages. Efforts continue to divert milk from cheese production, at least cheddar, to other uses where possible. Natural movement is fairly good, especially strong for shreds and specialty products.

FLUID MILK: This week, milk production ranges from slightly higher in the South and West to steady or fractionally lower in the Northern Tier of states. Fluid milk supplies are still termed as tight in the East, lighter in the Upper Midwest, and fairly steady elsewhere. Bottled milk sales are generally good, but ranging slow to improved. Surplus milk volumes are lighter and more plants, particularly east of the Rockies, are having to reduce operating schedules. Some manufacturing plants (most often cheese) are diverting all or part of their milk to other outlets. Fluid cream sales are about steady and prices are often lower. Condensed skim continues to be in good demand.

DRY PRODUCTS: The NDM market is firming, but prices are little changed. Some suppliers have announced price increases for next week's sales. Production levels are light in the East and Central regions; heavy in the West where NDM stocks are long and clearances to CCC continue. The dry buttermilk market is steady and prices are unchanged. Little powder is available for spot sale and production ranges from light to moderate. The dry whey market is firming. Prices moved slightly higher in some areas. Production levels are light. Reports have some cheese plants diverting all or part of their milk to other uses. This could further tighten dry whey availability in coming weeks. The WPC market is steady. Product is in better balance and fewer producers are discounting prices. Demand is slow to fair depending on end use.

CCC: During the week of October 16 - 20, CCC purchased 8,529,180 pounds of nonfortified NDM from the West and Midwest. They also purchased 2,457,010 pounds of Western fortified NDM. During the week, they reported cancellations of previously offered Western nonfortified totaling 1,279,888 pounds.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):

Under the federal milk order pricing system, the base price for Class I milk for November 2000 is \$11.82. This price is derived from the advanced Class IV skim milk pricing factor of \$7.74 and the advanced butterfat pricing factor of \$1.2435 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for November is \$8.44 and the Class II nonfat solids price is \$0.9378 per pound. The following are the two-week product price averages: butter \$1.1337, nonfat dry milk \$1.0143, cheese \$1.2012, and dry whey \$0.1820.

SEPTEMBER MILK PRODUCTION (NASS): Milk production in the 20 major states during September totaled 11.5 billion pounds, up 2.8% from production in these same states in September 1999. Production per cow averaged 1,467 pounds for September, 22 pounds (1.5%) above a year ago. The number of cows on farms was 7.85 million head, 98,000 head (1.3%) more than September 1999 and 11,000 (0.1%) more than August 2000. The July-September quarterly production of milk for the U.S. was 41.3 billion pounds, 4.0% above the July-September period last year.

MILK SUPPLY AND DEMAND ESTIMATES (WAOB): The milk production forecast is increased for 2000/01 due to higher projected cow numbers and continued increases in output per cow. Milk prices are reduced due to increased production and continued weakness in product prices. Class III prices are lowered due to a more bearish outlook for cheese prices. The higher milk production pressures butter and NDM prices, resulting in a lower forecast Class IV price. The 2000/01 all milk price is also reduced. (Editor's Note: Milk price projections for calendar year 2001 assume the discontinuation of the dairy price support program on 01/01/01.)

AUGUST FLUID MILK SALES (AMS & CDFA): During August, about 4.3 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 1.4% lower than August 1999. On an individual product basis, sales of low fat (1%) milk increased from August 1999, while sales of whole milk, reduced fat (2%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier. Total fluid milk sales for the January-August 2000 period were 0.7% lower than the same period last year. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation and data for both years have been adjusted for calendar composition.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During September, about 9.2 billion pounds of milk were received from producers. This volume of milk is 40.9% higher than the adjusted September 1999 volume. About 3.9 billion pounds of producer milk were used in Class I products, 0.3% higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilizations were; Class I - 42%, Class II - 11%, Class III - 42%, and Class IV - 5%. The weighted average statistical uniform price (blend price under old pricing system) was \$12.74 per cwt., \$0.25 higher than last month, and \$2.87 less than last year.

EDITOR'S NOTE: On page 8 of this report - Milk Supply and Demand Estimates, the columns in the table labeled August should be October.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY OCTOBER 16	TUESDAY OCTOBER 17	WEDNESDAY OCTOBER 18	THURSDAY OCTOBER 19	FRIDAY OCTOBER 20	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.0000 (N.C.)	\$1.0000 (N.C.)	\$1.0000 (N.C.)	\$1.0000 (N.C.)	\$1.0000 (N.C.)	N.C.	\$1.0000 (+.0025)
40# BLOCKS	\$1.0450 (N.C.)	\$1.0450 (N.C.)	\$1.0425 (-.0025)	\$1.0450 (+.0025)	\$1.0200 (-.0250)	(-.0250)	\$1.0395 (-.0110)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$1.1450 (N.C.)	----	\$1.1450 (N.C.)	----	\$1.1400 (-.0050)	(-.0050)	\$1.1433 (+.0041)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 16, 2000

CHEESE -- SALES: 5 CARS BARRELS: 1 @ \$1.0225, 1 @ \$1.0250, 1 @ \$1.0050, 1 @ \$1.0025, 1 @ \$1.0000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.0300, 2 @ \$1.0500, 2 @ \$1.0600; 2 CARS 40# BLOCKS @ \$1.0800
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 8 CARS GRADE AA: 4 @ \$1.1450, 1 @ \$1.1425, 1 @ \$1.1450, 1 @ \$1.1425, 1 @ \$1.1450; BIDS UNFILLED: 3 CARS GRADE AA: 2 @ \$1.1425, 1 @ \$1.1400; OFFERS UNCOVERED: 9 CARS GRADE AA: 4 @ \$1.1500, 1 @ \$1.1525, 1 @ \$1.1550, 1 @ \$1.1575, 1 @ \$1.1600, 1 @ \$1.1700

TUESDAY, OCTOBER 17, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$0.9950; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.0500; 3 CARS 40# BLOCKS: 1 @ \$1.0450, 2 @ \$1.0800
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 18, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0000; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0425
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$1.1425, 1 @ \$1.1450; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.1475, 1 @ \$1.1500, 1 @ \$1.1550, 2 @ \$1.1600

THURSDAY, OCTOBER 19, 2000

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.0100, 1 @ \$1.0000; 1 CAR 40# BLOCKS @ \$1.0450; BIDS UNFILLED: 3 CARS BARRELS @ \$1.0000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0150; 2 CARS 40# BLOCKS: 1 @ \$1.0550, 1 @ \$1.0900
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 20, 2000

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.0250; BIDS UNFILLED: 3 CARS BARRELS @ \$1.0000; OFFERS UNCOVERED: 4 CARS 40# BLOCKS: 1 @ \$1.0200, 1 @ \$1.0275, 1 @ \$1.0450, 1 @ \$1.0900
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 18 CARS GRADE AA: 1 @ \$1.1425, 1 @ \$1.1400, 1 @ \$1.1375, 1 @ \$1.1325, 2 @ \$1.1275, 2 @ \$1.1300, 3 @ \$1.1325, 2 @ \$1.1350, 2 @ \$1.1375, 2 @ \$1.1400, 1 @ \$1.1425; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.1300, 2 @ \$1.1200; OFFERS UNCOVERED: 11 CARS GRADE AA: 2 @ \$1.1400, 3 @ \$1.1425, 3 @ \$1.1450, 1 @ \$1.1500, 1 @ \$1.1575, 1 @ \$1.1675

BUTTER MARKETS**NORTHEAST**

The market tone seems somewhat steady. The bulk butter price at the CME has been relatively stable for the past couple weeks. Some ups and downs have occurred, but yesterday's (10/16) price is only fractionally changed from the 10/2 close. With milk supplies so tight in the Northeast, butter/powder plant operating schedules have been lighter than expected, though still moderate. Excess cream supplies are up slightly and easily cleared. Demand for bulk butter is holding up quite well, particularly fresh butter. Printers are actively filling Thanksgiving orders. However, there is some concern about butter prices through the fall and suppliers do not want to build too much of an inventory, just in case. Retail and food service orders are steady to improved as retail features start and restaurant owners prepare for the normally good November-December period. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/average.

CENTRAL

The butter prices remain mixed, although the market tone is generally steady. The AA cash price at the CME has traded within a narrow range during the past few weeks and many producers and handlers anticipate this to continue. At this point, cream offerings to local butter operations are reported to be holding up at good levels. In most instances, butter operations are taking advantage of the available

cream. Butter producers report that fresh butter demand continues to outpace current production, thus inventories continue to decline. Some scattered retail feature activity along with overall favorable, in comparison to past years at this time, retail pricing is clearing good volumes of print butter. Midwestern producers and handlers are also looking at and planning for additional year-end promotions as the holidays approach.

WEST

More contacts are discussing their positions for fall holiday needs. Feature activity appears to be widespread. Current demand for fresh butter is excellent. Buyers are having to use some stored butter to meet full trade needs. Demand for cream is slowing so that more is available for churning. Most contacts believe that butter prices are likely to move in a narrow range for the next few weeks. Print demand is picking up seasonally at retail and food service accounts. CME weekly cold storage stocks have declined below 50 million pounds for the first time since January. Currently, they stand at 46.7 million pounds. This compares to 42.4 million pounds last year. Removals in the last ten weeks total 43.9 million pounds compared to 32.4 million pounds for the same period last year. Current prices for bulk butter range from 4 1/2 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
OCTOBER 14	1.1988 5,909,451	1.0964 7,647,973	1.0138 13,614,138	1.1221 2,811,137	0.1824 7,891,530

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are moderately lower on process and natural cheddar types; unchanged on Swiss. The market tone is weak. Since early September, cheese prices at the CME have fallen nearly 30 cents per pound. Distributors and buyers are buying as needed and keeping more orders to normal, weekly needs. However, prices are now low enough and holiday orders are starting to come in which means order volumes may increase. With prices this low (CME levels are the lowest since third quarter 1978) some contacts expect some price stabilization and little downside risk in taking on some additional stocks. Cheese production in the East is light as surplus milk volumes have been tight during most of September and into October. Some plants have had to cut back on operating schedules because milk receipts are lighter than anticipated. Cheese stocks are readily available whether from local or out-of-region producers. Aged cheddar stocks are more than adequate for current needs. Also, the low cheddar prices CME, plants are now putting cheddar away for next year's aged needs.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.0900-1.5575
Cheddar Single Daisies	:	1.0475-1.5075
Cheddar 40# Block	:	1.1900-1.3675
Process 5# Loaf	:	1.2075-1.3825
Process 5# Sliced	:	1.2275-1.4850
Muenster	:	1.2500-1.4575
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Current cash prices at the Chicago Mercantile Exchange remain well below CCC support prices. Many traders are expecting sizeable volumes of cheese are being packaged for potential offering to CCC. Most expect a large volume of rejects to occur, at least during the short term. A few traders think cash prices could rebound, to around the support price, assuming good volumes are being purchased by CCC and perhaps a holiday cheese sales push occurs. For some firms, limited available line time, combined with grader availability/flexibility may limit process sales to CCC in the short term. Some seasonal fill-in orders from holiday gift packers have developed. Current cheddar supplies are ample and undergrade prices are depressed. Swiss, blue and mozzarella supplies are tight to in balance. Cheese production in the Midwest is fairly steady though higher in areas where cutbacks in Southern milk shipments have occurred. Cheese yields are increasing seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.1975-1.6000
Brick And/Or Muenster 5#	:	1.6050-1.6300
Cheddar 40# Block	:	1.4150-2.1150
Monterey Jack 10#	:	1.6325-2.1150
Blue 5#	:	1.7500-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4800-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	OCTOBER 16 - 20, 2000
BARRELS*	:	\$.9975 - 1.0125 (NOMINAL)
	:	(\$.0075) (-.0275)
40# BLOCKS	:	\$1.0425 - 1.1000 (NOMINAL)
	:	(-\$.0075) (-.0350)

() Change from previous week. * If steel, barrel returned.

WEST

Process and natural prices continue to weaken, but at a much slower rate. Exchange prices are currently well below the government price support levels. Contacts are expecting cheese to be offered to the government storage program in the near future. Demand is not aggressive at all at this time. Buyers are taking what they need, but are not making many extra purchases. Undergrades are probably moving better than the top quality cheese based on price. Swiss sales are rated as very good. Swiss production is slowing as less milk is available. Mozzarella demand is excellent with most contacts assuming that it will continue tight all fall and well into the winter season.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.1500-1.4100
Cheddar 40# Block	:	1.1750-1.3150
Cheddar 10# Cuts	:	1.3550-1.5750
Monterey Jack 10#	:	1.3650-1.5250
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5400

FOREIGN

Domestic prices are moderately lower and down for the fifth consecutive week. The market tone and demand are improving along seasonal patterns. The EU's cheese exports through June or July (data was mixed) were up nearly 16% from the same period last year. Most of the increases were to countries other than the U.S. Cheese output in the EU has increased to keep pace with its growing demand. Through June, preliminary figures show EU cheese output to be 3.156 million metric tons, up 4.8% from the same period last year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.3925-2.8875*
Gorgonzola	3.2400-5.9400	1.9475-2.4900*
Parmesan (Italy)	TFEWR	2.8075-2.8325*
Romano (Italy)	2.1000-2.5400	-0-
Provolone (Italy)	3.4400-5.5000	1.4075-1.6775*
Romano (Cows Milk)	-0-	2.5825-4.7575*
Sardo Romano (Argentina)	2.6500-3.2900	-0-
Reggianito (Argentina)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.3100	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

10/16/00	15,457	: 141,395
10/01/00	18,028	: 142,438
CHANGE	-2,571	: -1,043
% CHANGE	-14	: -1

FLUID MILK AND CREAM

E A S T

Regional Milk Market Administrators announced the following, September 2000 uniform prices: Northeast \$13.63, Mideast \$12.53, Southeast \$14.16, Florida \$15.59, and Western New York (a state order) \$13.53 at the base cities/counties in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) During September, milk production in the 20 major states totaled 11.5 billion pounds, up 2.8% from September 1999. The following are the September to September changes for selected states: Virginia -2.6%, New York -0.3%, Texas +0.5%, Pennsylvania +0.8%, Vermont +2.3%, Kentucky +2.4% and Florida +5.0%. Milk output during the first nine months of 2000 was up 4.0% from the same period in 1999. Milk production is steady to slightly higher in most areas of the East. More noticeable gains in the milk flow were reported in the South Central areas. Fluid milk supplies are still reported as tight, but adequate for Class I needs. This week, bottled milk sales were noted as steady at fair to good levels. In Florida, some bottlers over ordered and are canceling a few loads. Also, milder weather in Florida is helping milk output to rebound slightly. Consequently, imports this week totaled 102 loads. This compares to 167 last year and data for last week was not available at the time of this report. Handlers in other Southeastern states imported 99 loads this week which compares to 89 loads last week and 35 a year ago. In the Northeast, the milk flow is mostly steady and approaching the low point in the annual cycle. Surplus milk volumes are light and manufacturing plants are adjusting operations accordingly. Butter/powder plants are making little or no NDM and moving the skim as condensed. The condensed skim market is firm and prices have moved higher as demand remains good and offerings barely able to meet needs. Few spot sales are being reported because of the tight supply. The fluid cream market is little changed. Prices are often lower as the average butter price at the CME was down last week and multiples are lower at the upper end of the ranges. Offerings are fairly well balanced with demand. Ice cream production is spotty and makers are taking contracted volumes and few spot loads. Cream cheese output is mostly steady. Churning activity is light to moderate and excess cream offerings, when available, are easily cleared.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4582-1.5949
DELIVERED EQUIVALENT ATLANTA	-	1.4582-1.5949 M 1.5151-1.5379
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5151-1.5835

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0700-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .8900-1.0100

M I D W E S T

SPOT SHIPMENTS:	LOADS
OCTOBER 13 - 19, 2000	21
PREVIOUS WEEK	21
COMPARABLE WEEK IN 1999	39

DESTINATIONS: TENNESSEE 21

Class I demand is irregular, overall about steady, but showing the usual signs of increases from promotions and slower the week after promotions. Manufacturing milk demand is often lighter, with best interest from mozzarella and non-cheddar producers where cheese sales are also better than cheddar. Efforts are being made to minimize cheese production, particularly cheddar, by diverting milk to other uses where plant capacity allows. Spot manufacturing milk prices, on a light test, range from \$1.75 to 2.00 over class. Some slowdown in interstate milk demand is occurring from peak levels of about a month ago. A total of 21 loads of Wisconsin milk are direct shipped to Missouri, 21 to Tennessee, 12 to Kentucky and 4 to Michigan and pooled under other federal orders. Shipments to the Southeast from other upper Midwestern states continue but volumes seem to be easing lower. Cream demand is easing somewhat and multiples are moving lower. Estimated September milk production in selected Midwestern states compared with September 1999 is: Wisconsin 1.893 billion pounds, up 38 million pounds (2.0%); Minnesota 731

million pounds, down 3 million pounds (0.4%); Michigan 462 million pounds, up 18 million pounds (4.1%), and Iowa 312 million pounds, an increase of 11 million pounds (3.7%). In these four states, only Michigan had more cows than a year earlier. Indiana, at 203 million pounds, continues to lead the country with the largest percentage increase in milk production over the previous year with 18.0%. Dairy sellouts are continuing at a seasonally heavy rate with many handlers expecting that trend to continue due to low milk prices. The fall harvest is continuing though some producers are still letting mother nature reduce corn moisture levels before shelling.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 12 - 18	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 40.00	\$ 34.50- 40.00
REPLACEMENT HEIFER CALVES	\$330.00-430.00	\$245.00-350.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCT 12 - 18	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.50- 44.50	\$ 31.00- 43.25

W E S T

U.S. milk production for the third quarter of 2000 totals 41.3 billion pounds, an increase of 4.0% from the same quarter in 1999. Cumulative output for the first nine months of the year is 3.9% higher than the same period in 1999. Quarterly output for selected Western states compared to a year earlier is as follows: Arizona +5.1%, California +5.5%, Colorado +14.1%, Idaho +11.6%, New Mexico +12.7%, Oregon +1.2%, Utah +8.7%, Washington +0.5%. For the month of September, U.S. output is 2.8% higher than September 1999. Cow numbers in the five Western states are up 122,000 head. Production per cow was negative for both Arizona and California. Arizona was down 1.9% and California was off 1.5%. The weather stress from August carried over into September, augmented by one additional hot week in September. Moderate weather conditions in California have led to steady to slightly increasing milk production in the state. Temperatures are currently very good for milk cow comfort and conditions have been dry. There are some concerns over impact that the rainfall a couple of weeks ago caused the alfalfa crops. Higher quality alfalfa prices are slightly higher. Milk supplies in the state are said to be tight with competition good. Class I usage is mostly steady. Cream multiples are running from 118 to 128 FOB with the higher going for high fat items and the lower multiples going for butter. Milk production is rebounding in Arizona. Weather conditions are cooler and providing a better environment for cows to produce milk. Supplies are being processed locally. Producers in the state are buying more cows to add to milking herds. Milk is also increasing in New Mexico. Milk is being handled locally by processors. Favorable weather there is also the norm. The rains did not affect cow lots to any great extent. Haying was interrupted by rainfall last week and quality was affected. The sixth cutting of alfalfa is being completed in the south. Alfalfa prices are slightly higher. Producers continue to add cows to herds in the state. Very good milk production weather is noted in the Pacific Northwest. Milk reports generally range from steady to down slightly. The corn silage harvest is completed with yields excellent and quality anticipated to be very good. Some hay growers are finishing up their last cutting of hay. Drying conditions are very slow at this time of the year and scattered shower activity is further delaying the completion of the final cutting. Hay stocks are expected to be barely adequate and prices have a firm undertone. Whole herd sell offs are becoming more common in the region and in the northern Mountain region. Dairy producers from Idaho are buying entire herds from the neighboring states and are paying from \$1250-1450 for all the milk animals from top to bottom. Herds are being sold as the financial stress increases and producers see no relief in sight. Some are holding onto heifers with the hope of coming back into milking later when they hope milk prices may be more reasonable. Fall field work is basically completed and the current regular rainfall is very welcome. Fall seeded grain is now in generally good shape and the alfalfa acreage will be able to winter over with less chance of winter kill. Milk supplies are tightening in the region. Some plants are now down to a five day operation. Some plants are looking to buy increasing volumes of outside milk with limited success. With the sell offs that are occurring, manufacturing operations are attempting to recruit additional milk supplies. Some are successful and others are not having much luck with this endeavor.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 10/19/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher on a steady market. Some milk is being diverted away from cheese and into NDM dryers due to the lower than anticipated cheese prices. Production is unchanged to higher with most producers comfortable with current supplies. Offerings continue into government programs, alleviating excess product. Demand is fair to good with Grade A product clearing the best. Movement is occurring into blends, cheese and export markets. High heat demand is strong. Producers continue to generate supplies on an as needed basis with limited availability for spot shipments. Mostly prices for report 42 in 1999 were 1.0300 - 1.0550.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0400 MOSTLY: 1.0150 - 1.0250

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady to firm market. Buttermilk supplies remain very tight. Offerings are next to nil with some aged product trading at the average. Buttermilk product is reportedly available at varying protein levels. Warm temperatures are encouraging steady ice cream demand and good movement of condensed buttermilk. Churning activity is up in anticipation of increased demands for butter. However, plants are not expecting changes in the buttermilk supply for at least a month. Prices for report 42 in 1999 were .7700 - .8500.

BUTTERMILK: .9825 - 1.0300

DRY WHEY - CENTRAL

Prices are unchanged to higher on a firm market. Producers are more confident with their supplies, encouraging prices higher. Demand is mostly fair to somewhat improved over last week with continued movement into export markets. Production is steady to slightly lower as producers divert milk away from cheese plants in an attempt to reduce cheese supplies. While the solid content in whey is generally higher, condensed availability is down. Domestic buyers are somewhat surprised by the firmer market, indicating that hand-to-mouth purchases may be over for the short-term. Mostly prices for report 42 in 1999 were .1850 - .1950.

NONHYGROSCOPIC: .1750 - .1850 MOSTLY: .1775 - .1825

ANIMAL FEED WHEY - CENTRAL

Prices are higher on milk replacer and unchanged on the balance of items. Milk replacer prices are moving higher with the Extra Grade whey market. Supplies are mostly in balance for the light to fair demand. Roller ground is moving steadily into hog markets. Demand is unchanged to somewhat improved with an increase in inquiries noted. Delactose production is somewhat short of demand as supplies tighten for the holiday process cheese interest. Movement into feed markets is generally unchanged. Prices are mixed on lean hogs and higher on early weaned pigs. The North Central veal market is steady to weak on light offerings. Prices on milk replacer, roller ground and delactose for report 42 in 1999 were respectively: .1300 - .1850; .1775 - .2100; .2600 - .3150.

MILK REPLACER: .1450 - .1650
ROLLER GROUND: .1600 - .1825
DELACTOSE (Min. 20% protein): .3750 - .4000

LACTOSE - CENTRAL AND WEST

Prices remain unchanged on a steady market. Fourth quarter contracts are generally finalized. Prices are not anticipated to change during the quarter. Some producers are having difficulty moving product at the average and continue to sell at a discount. Other plants are short of needs and moving product at premiums. Off grade and aged product is available for the light interest. Production is unchanged to slightly lower as some plants divert milk away from cheese, reducing available condensed whey supplies. Inquiries are heavy from some Asian markets. Demand remains best on the higher mesh sizes. Mostly prices for report 42 in 1999 were .1900 - .2000.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1450 - .2100 MOSTLY: .1600 - .1700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a mostly steady market. Producers are in better balance and less discounting is noted. Some buyers continue to await further price declines before purchasing loads beyond contractual commitments. Producers are generally comfortable at prices slightly above and below the average, indicating some stability to the market. Current production resale product reported last week has generally cleared the market. Production is unchanged to somewhat lower due to plant problems and a decreased availability of condensed whey as milk is diverted away from some cheese plants. Demand is slow into feed markets, steady into the food sector and generally good on exports. Some producers are unable to meet regular commitments and are shorting their customer needs. Aged MPC is a competitive substitute for WPC. Condensed WPC is clearing well with some high protein plants able to pick up additional loads when needed. Mostly prices for report 42 in 1999 were .4300 - .4600.

EXTRA GRADE 34% PROTEIN: .7000 - .7525 MOSTLY: .7275 - .7375

NONFAT DRY MILK - WEST

Prices are unchanged for low/medium heat nonfat dry milk. The market undertone continues to be underpinned by offerings to the support program. Product is available from most sources in the region. Drying is increasing at some plants with expectations that more milk will be shifting from cheese to butter/powder production due to price considerations. Milk levels are often at the lower end of seasonal production patterns and expected to begin to increase. Output is generally above year ago levels across the region. Stocks vary, but are in excess of current trade needs. Prices are higher on the bottom of the high heat range. Buying interest is increasing seasonally. Supplies are available as more is being made to fill seasonal spot and contract orders. For the week of October 9 - 13, net CCC purchases totaled 9.5 million pounds of nonfortified NDM from Western and Midwestern suppliers and 0.9 million pounds of fortified NDM from the West.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9900 - 1.0225 MOSTLY: 1.0000 - 1.0150

HIGH HEAT: 1.0300 - 1.0750

DRY BUTTERMILK - WEST

Prices for dry buttermilk are unchanged and the market tone is steady to slightly firm. The prices are at near nominal levels. The limiting factor in the market is the lack of supplies available for sale. Spot offerings are very limited. Contract commitments continue to be pushed back as producers do not have enough supplies to fill orders. Butter churning is increasing and more buttermilk is said to be entering the dryers. Dryer time is available. Stocks are limited and mainly committed.

BUTTERMILK: .9400 - .9900 MOSTLY: .9400 - .9600

DRY WHEY - WEST

The Western whey market is generally steady. A few weeks ago the market undertone appeared to be weaker. That has now changed to a steadier tone. Western stocks are in somewhat better shape. Competitor markets in the Central and Eastern regions are in much better shape with stocks ranging from balanced to tight. These markets are having a positive influence on Western markets. Domestic sales are about steady at good levels. Few new export orders are evident and currency issues continue to negatively impact sales potential. Production ranges from steady to lighter.

NONHYGROSCOPIC: .1675 - .1950 MOSTLY: .1800 - .1875

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
October 13	\$1.0100	11,029,725
October 6	\$1.0117	11,378,643

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are generally unchanged this week, but there have been price increases announced by several plants in the East and should go into effect on October 20. Because of the limited number of spot sales, the Northeast prices are nominal. Production levels are light. Eastern plants that are able to dry are doing so only a few days a week, if that often. Most are clearing their skim as condensed and have no skim left to dry. The drying that is being done is to meet contracts and often high heat. Producers are importing NDM from the West to supplement their own stocks. This is basically what prompted the price increase announcements. Local producers moved their prices up to the delivered prices of Western NDM. Most butter/powder plants in the East are seeing limited milk receipts, but surplus milk volumes are expected to increase in coming weeks.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0400 - 1.0800 MOSTLY: 1.0400 - 1.0450
HIGH HEAT: 1.0900 - 1.1000 MOSTLY: 1.0900 - 1.0950

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices remain nominal and are unchanged. Most Eastern producers have little or no powder on hand to offer on the spot market. In fact, some producers are putting up powder for other producers when their schedules allow. Most dry buttermilk sales are resales through traders, but availability in other regions of the country is also tight. Production levels are limited by the amount of churning that is taking place and the continued decent demand for condensed buttermilk.

F.O.B. NORTHEAST: .9600 - .9800

DELVD SOUTHEAST: .9700 - 1.0000

DRY WHOLE MILK - NATIONAL

Prices are unchanged. However, a few fractional changes, higher, within the range were reported. The market tone is unchanged. Demand is steady with little spot activity noted. Production levels are lighter east of the Rockies where surplus milk supplies are tight. Some producers are only able to run two or three days a week. Plant stocks are closely balanced.

F.O.B. PRODUCING PLANT: 1.2075 - 1.3200

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady in the East. However, the market tone is very firm as most Eastern producers have little or no product to offer for the next four to six weeks. Some operations' output is committed through the end of the year. Production levels are very light due to the tight milk supply. Unconfirmed reports have a couple Eastern plants diverting their milk to other uses. Other plant contacts report cutting back a day or more on their operations. This loss of production is giving strength to the market and local producers are not discounting prices at this time. Traders and producers alike report getting more inquiries looking for dry whey. Even some feed stocks that were available and hard to move are being held with growing confidence.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1950

USPH GRADE A .1900 - .2050

DELVD SOUTHEAST: .2100 - .2250

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand remains steady and continues to center around replacement needs, but some improvement has been noted as retailers anticipate Thanksgiving and year-end holiday needs. Producer stocks are adequate for current and projected needs. Production levels are lower as milk supplies tighten, but Class III milk prices are expected to drop in the next few months which should have an impact on production levels and the replenishing of inventories after the holidays.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices remain firm. Domestic buyers continue to report that additional spot availability is limited, but for the most part, they are getting their contracted volumes. Some recent delays in rennet deliveries are being reported. These delays have some rennet buyers questioning delivery of their contracted volumes. Production in the Oceania region continues to build seasonally. Contracted volumes are being shipped as scheduled, although additional, uncommitted availability is still unclear.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.2500 - 2.3500

ACID: 2.3000 - 2.4500

DEIP BID ACCEPTANCE SUMMARY

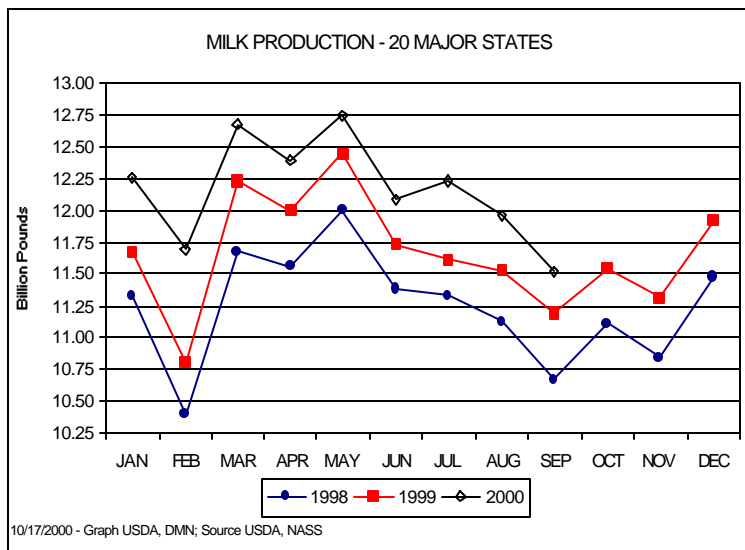
JULY 1, 2000 THROUGH OCTOBER 13, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.



SEPTEMBER MILK PRODUCTION

Milk production in the 20 major states during September totaled 11.5 billion pounds, up 2.8 percent from production in these same states in September 1999. The August revision represented a decrease of 0.3 percent or 32 million pounds from last month's preliminary production estimate. Production per cow in the 20 major states averaged 1,467 pounds for September, 22 pounds above September 1999. The number of cows on farms in the 20 major states was 7.85 million head, 98,000 head more than September 1999 and 11,000 head more than August 2000. The July-September quarterly production of milk for the U.S. was 41.3 billion pounds, 4.0 percent above the July-September period last year. The average number of milk cows in the U.S. during July-September quarter was 9.25 million head, 81,000 head more than the same period last year.

STATE	MILK COWS ^{1/ 2/}				MILK PRODUCTION ^{1/ 3/}			
	SEPTEMBER		JULY-SEPTEMBER		SEPTEMBER		JULY-SEPTEMBER	
	1999	2000	1999	2000	2000	% CHANGE FROM 1999	2000	% CHANGE FROM 1999
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	C	C	27	25	C	C	72	-7.7
AK	C	C	1.0	0.9	C	C	3.28	-5.7
AZ	135	140	135	140	213	1.9	674	5.1
AR	--	--	42	42	C	C	120	-1.6
CA	1,476	1,539	1,472	1,533	2,593	2.7	8,063	5.5
CO	--	--	83	89	C	C	495	14.1
CT	--	--	28	26	C	C	117	-7.1
DE	C	C	11.0	11.0	C	--	42.7	4.1
FL	157	157	158	157	168	5.0	533	3.7
GA	--	--	88	87	C	C	320	2.2
HI	--	--	8.6	8.0	--	--	30.4	0.3
ID	325	356	324	355	612	10.7	1,893	11.6
IL	121	120	121	120	162	3.2	502	6.4
IN	135	150	136	151	203	18.0	636	20.2
IA	216	215	216	215	312	3.7	968	6.1
KS	--	--	86	89	C	C	350	7.7
KY	132	132	132	132	130	2.4	400	3.6
LA	--	--	61	57	C	C	143	-1.4
ME	--	--	41	40	C	C	169	-2.3
MD	--	--	85	83	C	C	325	-2.1
MA	--	--	24	22	C	C	97	-6.7
MI	299	303	303	301	462	4.1	1,430	3.2
MN	550	530	548	532	731	-0.4	2,270	---
MS	--	--	37	35	C	C	112	-1.8
MO	157	153	157	153	165	1.9	524	9.4
MT	--	--	18	18	C	C	78	2.6
NE	--	--	74	76	--	--	318	13.2
NV	--	--	25	25	C	C	128	---
NH	--	--	19	18	--	--	76	-3.8
NJ	--	--	17	16	C	C	65	-4.4
NM	235	258	235	255	428	13.5	1,305	12.7
NY	702	690	702	690	966	-0.3	3,001	-0.4
NC	--	--	73	71	C	C	282	-2.4
ND	--	--	48	51	--	--	188	11.9
OH	259	264	259	263	375	3.3	1,146	2.7
OK	--	--	92	91	C	C	319	8.5
OR	--	--	89	90	C	C	428	1.2
PA	616	619	615	619	879	0.8	2,727	2.1
RI	-	--	2.0	1.8	C	C	7.1	-7.8
SC	--	--	23	22	C	C	85	7.6
SD	--	--	102	102	--	--	413	10.1
TN	--	--	95	94	C	C	320	---
TX	346	346	346	347	391	0.5	1,229	3.1
UT	--	--	93	98	C	C	448	8.7
VT	160	160	160	160	226	2.3	695	2.4
VA	121	120	121	120	149	-2.6	451	0.2
WA	247	247	248	247	457	-0.2	1,421	0.5
WV	-	--	18	17	--	--	64	-3.0
WI	1,364	1,352	1,366	1,351	1,893	2.0	5,845	2.1
WY	--	--	6.0	5.5	C	C	19.3	-8.1
22 STATE TOTAL	7,753	7,851	C	--	11,515	2.8	--	--
U.S. ^{4/ 5/}	--	--	9,171	9,252	C	C	41,348	4.0

^{1/} Preliminary. ^{2/} Includes dry cows, excludes heifers not yet fresh. ^{3/} Excludes milk sucked by calves. ^{4/} Includes states for which individual monthly estimates are not available. ^{5/} Milk cows will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (10-00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

MILK SUPPLY AND DEMAND ESTIMATES*

The milk production forecast is increased for 2000/01 due to higher projected cow numbers and continued increases in output per cow. Milk prices are reduced due to increased production and continued weakness in product prices. Class III prices are lowered due to a more bearish outlook for cheese prices.

The higher milk production pressures butter and NDM prices, resulting in a lower forecast Class IV price. The 2000/01 all milk price is also reduced.

Editor's Note: Milk price projections for calendar year 2001 assume the discontinuation of the dairy price support program on 01/01/01.

Item	1998/99 1/	1999/00 Projection 1/		2000/01 Projection 1/	
		September	August	September	August
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	5.8	7.4	7.4	7.5	8.6
PRODUCTION	161.2	167.0	167.4	167.8	168.9
FARM USE	1.4	1.3	1.3	1.3	1.3
MARKETINGS	159.8	165.7	166.0	166.5	167.6
IMPORTS 2/	4.8	4.4	4.7	3.9	4.2
TOTAL COMMERCIAL SUPPLY 2/	170.5	177.6	178.1	177.9	180.4
USE					
COMMERCIAL USE 2/ 3/	162.8	169.3	168.8	170.7	172.8
ENDING COMMERCIAL STOCKS 2/	7.4	7.5	8.6	6.8	7.2
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	0.8	0.8	0.4	0.5
SKIM SOLIDS BASIS 4/	5.4	8.4	8.5	3.1	4.5
		DOLLARS PER CWT.			
MILK PRICES 5/					
BASIC FORMULA/CLASS III PRICE 6/	14.04	9.90-10.10	9.99	10.15-11.15	9.65-10.45
CLASS IV 7/	NA	11.35-11.65	11.51	10.70-11.90	10.35-11.35
ALL MILK 8/	15.38	12.50-12.70	12.62	11.90-12.90	11.60-12.40
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	1	11	11	15	12
CHEESE	6	17	17	6	10
NONFAT DRY MILK	449	685	690	260	375
DRY WHOLE MILK	12	34	34	0	3
	QUARTERLY 9/			ANNUAL 9/	
	2000 IV	2001 I	2001 II	2000	2001
MILK PRODUCTION	41.3	42.9	43.6	168.2	168.7
		DOLLARS PER CWT.			
ALL MILK PRICE 5/ 8/	12.80-13.20	11.45-12.15	10.70-11.70	12.35-12.45	11.65-12.55
CLASS III PRICE 5/ 6/	9.90-10.30	9.50-10.20	9.30-10.30	9.90-10.00	10.00-10.90
CLASS IV PRICE 5/ 7/	11.65-12.05	9.90-10.60	9.60-10.60	11.55-11.65	10.35-11.25

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Federal milk order Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-367, World Agricultural Outlook Board, USDA, October 12, 2000.

AUGUST FLUID MILK SALES

During August, about 4.3 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 1.4 percent lower than August 1999. On an individual product basis, sales of low fat (1%) milk increased from August 1999, while sales of whole milk, reduced fat (2%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier. Total fluid milk sales for the January-August 2000 period were 0.7 percent lower than the same period last year. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation (see 2/ below) and data for both years have been adjusted for calendar composition.

Editor's Note: For some individual marketing areas, the data for 1999 are largely estimated due to Federal milk order consolidation. See www.ams.usda.gov/dairy/mmms.htm for this data for January-July.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY
FEDERAL MILK ORDERS AND CALIFORNIA, AUGUST 2000, WITH COMPARISONS 1/**

Product Name/ Marketing Area (Order Number) <u>2/</u>	Sales		Change from: <u>3/</u>	
	Aug	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk <u>4/</u>	1,577	12,218	-0.2	1.3
Reduced Fat Milk (2%)	1,385	10,755	-1.2	-1.0
Low Fat Milk (1%) <u>5/</u>	639	5,349	4.5	3.2
Fat-Free Milk (Skim)	657	5,271	-7.8	-7.6
Buttermilk	50	390	-1.2	1.4
Total Fluid Milk Products <u>2/</u>	4,314	34,046	-1.4	-0.7
Northeast (001)	798	6,460	-0.6	-0.1
Appalachian (005)	314	2,372	-3.1	-1.5
Southeast (007)	423	3,266	0.2	-0.6
Florida (006)	233	1,863	0.6	0.9
Mideast (033)	544	4,375	-3.4	-1.2
Upper Midwest (030)	361	2,877	1.0	1.5
Central (032)	393	3,036	-1.7	-2.5
Southwest (126)	363	2,736	0.6	-0.5
Ariz.-Las Vegas/Western (131/135) <u>6/</u>	178	1,382	-0.5	-0.6
Pacific Northwest (124)	176	1,423	-3.5	-2.2
California (---)	532	4,255	-2.5	0.2

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. 2/ Sales by product are for all marketing areas combined. Individual marketing area data is for total fluid milk products. Total fluid milk products include plain, flavored, and miscellaneous whole milk products, plain, flavored, and miscellaneous reduced fat, low fat, and fat-free milk products, eggnog, and buttermilk. 3/ For all marketing areas combined, data for 1999 have been estimated based on the change in population within Federal milk order marketing areas that has occurred as a result of the new consolidated marketing areas that came into effect in January 2000. For individual marketing areas, 1999 data are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these marketing area changes, mainly based on population. Percent changes are based on this estimated 1999 data. Percent changes also have been adjusted for calendar composition, including the extra day in February 2000. 4/ Includes flavored whole milk. 5/ Includes flavored fat-reduced milk. 6/ The data for these markets have been combined for reporting purposes.

SOURCE: Monthly summaries of Federal Milk Order Market Statistics, AMS, USDA, and California Dairy Information Bulletin, California Agricultural Statistics Service and Milk Stabilization Branch.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, SEPTEMBER

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for September have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During September, about 9.2 billion pounds of milk were received from producers. This volume of milk is 40.9 percent higher than the adjusted September 1999 volume. About 3.9 billion pounds of producer milk were used in Class I products, 0.3 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilization percentages were; Class I – 42, Class II – 11, Class III - 42, and Class IV – 5. The weighted average statistical uniform price (blend price under old pricing system) was \$12.74 per cwt., \$0.25 higher than last month, and \$2.87 less than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 2000										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>3/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,835.3	-3.0	903.9	1.3	49	18	29	4	13.63
Appalachian (Charlotte)	005	469.0	-3.4	357.9	-6.2	76	15	4	5	14.41
Southeast (Atlanta)	007	563.4	6.7	405.3	-0.5	72	11	14	3	14.16
Florida (Tampa)	006	203.8	1.2	186.8	3.4	91	6	2	1	15.59
Midwest (Cleveland)	033	1,259.4	37.5	577.6	-0.4	46	16	34	4	12.53
Upper Midwest (Chicago)	030	1,708.0	156.6	345.0	-16.0	20	3	76	1	11.46
Central (Kansas City)	032	1,331.8	172.8	418.0	26.0	31	7	59	3	11.97
Southwest (Dallas)	126	681.9	43.9	335.0	0.3	49	10	35	6	13.28
Arizona-Las Vegas (Phoenix)	131	229.4	22.7	79.6	-3.5	35	7	43	15	12.32
Western (Salt Lake City)	135	290.9	63.5	85.5	2.4	29	11	58	2	11.94
Pacific Northwest (Seattle)	124	598.4	21.3	180.8	1.1	30	6	36	28	12.11
ALL MARKET AVERAGE OR TOTAL	4/	9,171.3	40.9	3,875.3	0.3	42	11	42	5	12.74

1/ Names in parentheses are principal pricing points of markets.

2/ Previous year figures are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these changes; in some cases these adjustments are based on estimated data. No adjustments to previous year figures were made for handler regulation shifts that result from other than marketing area changes. Also in September 1999, there were significant volumes of milk not pooled due to disadvantageous price relationships.

3/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

4/ Due to a disadvantageous relationship between class prices and the location adjusted statistical uniform (blend) price in some markets, handlers elected not to pool milk that normally would have been associated with these markets.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OCTOBER 16 - 20, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/00	LAST YEAR	10/13/00	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	79,200	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	79,200	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	8,529,180	1,279,888	7,249,292	24,097,507	4,664,224	-0-	-0-
Fortified	2,457,010	-0-	2,457,010	3,382,758	661,248	-0-	-0-
TOTAL	10,986,190	1,279,888	9,706,302	27,480,265	5,325,472	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF OCTOBER 16 - 20, 2000 =	2.1	113.0	COMPARABLE WEEK IN 1999 =	0.5	28.1
CUMULATIVE SINCE OCTOBER 1, 2000 =	6.8	320.7	CUMULATIVE SAME PERIOD LAST YEAR =	1.2	62.0
CUMULATIVE JANUARY 1 - OCTOBER 20, 2000 =	167.5	5,499.7\$	COMPARABLE CALENDAR YEAR 1999 =	42.1	2,226.6

\$ Last week's total should have been 5,286.7

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF OCTOBER 16 - 20, 2000 (POUNDS)

	BUTTER		CHEESE		NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	79,200	-0-	701,291	-0-	13.1	0.0
WEST	-0-	-0-	-0-	-0-	26,778,974	5,325,472	86.9	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	79,200	-0-	27,480,265	5,325,472	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JULY 31, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6680; 1# Prints \$.6980

CHEESE: 40 & 60# Blocks \$1.1220; 500# Barrels \$1.0920; Process American 5# \$1.1745; Process American 2# \$1.2145

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 09/30/00 & Comparable Week 1999 1/ 2/

	Regions*										U.S. TOTAL	% DAIRY OF ALL
	1	2	3	4	5	6	7	8	9	10		
2000-Dairy cows HD (000)	0.2	0.9	6.0	5.2	21.3	2.6	1.1	0.7	13.4	2.8	54.2	1,974.5
1999-Dairy cows HD (000)	0.2	1.1	6.6	5.6	18.7	2.4	3.2	0.8	10.2	2.5	51.3	1,940.4
2000-All cows HD (000)	0.2	1.0	8.2	13.2	29.9	17.6	12.9	3.9	14.5	5.8	107.1	4,048.2
1999-All cows HD (000)	0.2	1.3	9.2	14.3	26.0	17.4	19.7	3.8	12.6	7.0	111.5	4,204.7

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP), (3.5% BF, \$/CWT, FOR COMPARISON PURPOSES ONLY)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58			
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76			
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94			

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmor_announce.htm